

COUNCIL MESSAGE by Jim Brass October 2008

It is no secret that the economy is challenging everyone's budgets. Local cities are no exception. Murray gets most of its revenue from sales taxes. Only about 13% comes from property taxes. As people watch their spending the cities feel that impact in reduced sales tax revenue.

Another source of financial stress is in energy costs. During the last four years the state has seen a 117% increase in fuel costs. This impacts the City's budget, as well. Our police and fire departments as well as the power department have seen dramatic increases in fuel costs. While we contract for garbage services, the contractor is seeing an increase in fuel costs, which eventually gets passed on to the city in some form.

The cost for wholesale power is also increasing. Natural gas from the intermountain area can now be piped to other markets. This in turn causes the price of natural gas to rise to levels found in the midwest and east coast. Many power plants are switching to natural gas from coal, and that impacts the rates we pay for wholesale power.

Even in the midst of all of the increases, it is not all bad news. In Murray we are looking at ways in which we can soften the economic downturn to our citizens. We are currently exploring a switch to more efficient vehicles. In some cases, changing to natural gas makes sense. We have a natural gas fueling station in Murray, and the current cost is \$0.84 per gallon. If we can cut our fuel costs by 10% the cumulative savings is impressive. We are also looking at ways of cutting energy costs in our buildings. More efficient lighting is an easy way to save power and money. Along with savings through more efficient use of what we have, we can also defer projects that don't need immediate attention. Some projects have turned out to be much more costly than original estimates, as again, many raw materials costs have increased dramatically. We are watching carefully to see if the slow-down brings those costs down. Where we can, we will wait and rebid projects in hopes of saving money.

If we can stretch our dollars further, we can avoid much of the financial stress. Be assured that your City Council is watching revenue closely, and managing expenses accordingly. As we do these things conscientiously, Murray will weather the current economic down-turn with minimal impact.